

Exhibit T

State of California ex rel. Ven-A-Care of the Florida Keys, Inc.
v. Abbott Laboratories, Inc., et al., Master Civil Action No. 01-12257-PBS,
Subcategory Case No. 06-11337

Exhibit to the December 21, 2009 Declaration of Christopher C. Palermo in Support
of Defendants Mylan Inc. and Mylan Pharmaceuticals Inc's. Opposition to Plaintiffs' Motion for Partial Summary
Judgment

Medi-Cal Contracting Section
Pharmacy Pricing Calculation Examples

Here is the rule Medi-Cal uses to calculate its net cost per unit:

Medi-Cal's net cost per unit is calculated as the lower of AWP - 5% or Direct Price or Federal Upper Limit Price (FUL) or State Upper Limit Price (MAUC), minus all manufacturer rebates. In some cases, differences in the pharmacist's fee must also be included (for example, when a new product can replace two older prescriptions, Medi-Cal will take into account the decrease in dispensing fees.)

Example 1 - Medi-Cal AMP Cost Calculation

AWP - 5% drug (most common example)

Gorafacilin® 500 mg capsules - a single source drug manufactured by a non-direct price company

Price per capsule

AWP: \$3.00

AWP - 5% (calculated as AWP x 0.95): \$2.85

Direct Price: N/A

Federal Upper Limit price (FUL or FAC): N/A

State Maximum Allowable Ingredient Cost: N/A

Medi-Cal's lowest price (lowest of the above): This is the price we are willing to pay to pharmacists. \$2.85

AMP (Average Manufacturer's Price), as reported to HCFA: \$2.80

Medi-Cal's AMP calculation

In this example, Medi-Cal agrees to add a drug to the List if the manufacturer will give us a 40% rebate over HCFA

HCFA rebate (best price + CPI adjustments) %: 27%
California supplemental rebate %: 40%
Total rebate %: 67%
AMP: \$ 2.80
HCFA rebate amount (AMP x 27%) \$ 0.68
Calif supplemental rebate amount (AMP x 40%) \$ 1.00
Total rebate amount per unit \$ 1.68

Therefore, Medi-Cal's cost is calculated as:

Medi-Cal's Lowest Price (AWP - 5% in this case) \$2.85
minus total rebates \$1.68
to give Medi-Cal's net cost \$1.17

Example 2 - Medi-Cal AMP Cost Calculation

Direct Price Drug - see end for list of direct price companies

Gorafacilin® 500 mg capsules - a single source drug manufactured by a direct price company

Price per capsule

AWP: \$3.00

AWP - 5% (calculated as AWP x 0.95): \$2.85

Direct Price: \$2.50

Federal Upper Limit price (FUL or FAC): N/A

State Maximum Allowable Ingredient Cost: N/A

Medi-Cal's lowest price: \$2.80

AMP (Average Manufacturer's Price), as reported to HCFA: \$2.80

Medi-Cal's AMP calculation

In this example, Medi-Cal agrees to add a drug to the List if the manufacturer will give us a 40% rebate over HCFA

HCFA rebate (best price + CPI adjustments) %: 27%
California supplemental rebate %: 40%
Total rebate %: 67%
AMP: \$ 2.50
HCFA rebate amount (AMP x 27%) \$ 0.68
Calif supplemental rebate amount (AMP x 40%) \$ 1.00
Total rebate amount per unit \$ 1.68

Therefore, Medi-Cal's cost is calculated as:

Medi-Cal's Lowest Price (Direct in this case) \$2.50
minus total rebates \$1.68
to give Medi-Cal's net cost \$0.82

Example 3 - Medi-Cal AMP Cost Calculation

AWP - 5% Generic drug

drug manufactured by a non-direct price company that has no federal or state upper price limits

Price per capsule

AWP: \$3.00

AWP - 5% (calculated as AWP x 0.95): \$2.85

Direct Price: N/A

Federal Upper Limit price (FUL or FAC): N/A

State Maximum Allowable Ingredient Cost: N/A

Medi-Cal's lowest price: \$2.85

AMP (Average Manufacturer's Price), as reported to HCFA: \$0.80

Medi-Cal's AMP calculation

In this example, Medi-Cal agrees to add a drug to the List if the manufacturer will give us a 40% rebate over HCFA

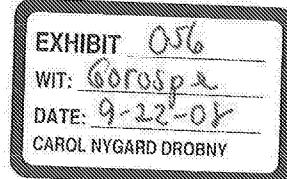
HCFA rebate (best price + CPI adjustments) %: 11%
California supplemental rebate %: 40%
Total rebate %: 51%
AMP: \$ 0.80
HCFA rebate amount (AMP x 11%) \$ 0.09
Calif supplemental rebate amount (AMP x 40%) \$ 0.20
Total rebate amount per unit \$ 0.29

Therefore, Medi-Cal's cost is calculated as:

Medi-Cal's Lowest Price (AWP - 5% in this case) \$2.85
minus total rebates -\$0.29
to give Medi-Cal's net cost \$2.56

California Department of Health Services
May 17, 2000

CAAG/DHS0068437



Medi-Cal Contracting Section
Pharmacy Pricing Calculation Examples

Example 4 - Medi-Cal Net Price/Cost Calculation	Example 5 - Medi-Cal Net Price/Cost Calculation	Example 6 - Medi-Cal Net Price/Cost Calculation
AWP - 5% drug (most common example) Brocolicillin® 500 mg capsules - a single source drug manufactured by a <u>non-direct price</u> company	Direct Price Drug - see end for list of direct price companies Rutabagacillin® 500 mg capsules - a single source drug manufactured by a <u>direct price</u> company	AWP - 5% Generic drug drug manufactured by a <u>non-direct price</u> company that has no federal or state upper price limits
Price per capsule AWP \$3.00 AWP - 5% (calculated as AWP x 0.95) \$2.85 Direct Price N/A Federal Upper Limit price (FUL or FAC) N/A State Maximum Allowable Ingredient Cost N/A Medi-Cal's lowest price (lowest of the above). <i>This is the price we are willing to pay to pharmacies.</i> \$2.85 AMP (Average Manufacturer's Price), as reported to HCFA \$2.50 Medi-Cal's Net Price calculation	Price per capsule AWP \$3.00 AWP - 5% (calculated as AWP x 0.95) \$2.85 Direct Price \$2.50 Federal Upper Limit price (FUL or FAC) N/A State Maximum Allowable Ingredient Cost N/A	Price per capsule AWP \$3.00 AWP - 5% (calculated as AWP x 0.95) \$2.85 Direct Price N/A Federal Upper Limit price (FUL or FAC) N/A State Maximum Allowable Ingredient Cost N/A
In this example, Medi-Cal agrees to add a drug to the List if the manufacturer will guarantee that Medi-Cal's price will be \$2.00 per capsule. Medi-Cal's lowest price \$2.85 Medi-Cal's net price \$2.00 Difference (total amount that must be rebated from manufacturer to Medi-Cal) \$0.85 Percent rebate off AMP 34% With a net price contract, Medi-Cal's net price is the contracted price. \$2.00	In this example, Medi-Cal agrees to add a drug to the List if the manufacturer will guarantee that Medi-Cal's price will be \$2.00 per capsule. Medi-Cal's lowest price \$2.50 Medi-Cal's net price \$2.00 Difference (total amount that must be rebated from manufacturer to Medi-Cal) \$0.50 Percent rebate off AMP 20% With a net price contract, Medi-Cal's net price is the contracted price. \$2.00	Medi-Cal's lowest price \$2.85 AMP (Average Manufacturer's Price), as reported to HCFA \$0.50 Medi-Cal's Net Price calculation <i>To the List if the manufacturer will guarantee that Medi-Cal's price will be \$2.00 per capsule.</i> Since the AWP is inflated, the manufacturer must rebate a very large amount to reach the net price. Medi-Cal's lowest price \$2.85 Medi-Cal's net price -\$2.00 Difference (total amount that must be rebated from manufacturer to Medi-Cal) \$0.85 Percent rebate off AMP 170% With a net price contract, Medi-Cal's net price is the contracted price. \$2.00
Drugs made by manufacturers with the following labeler codes are direct price drugs: 00003 Squibb, E.R. and Sons 00005 Lederle Laboratories 00006 Merck Sharp and Dohme 00008 Wyeth Laboratories 00009 Upjohn Company 00046 Ayerst Laboratories 00049 Roerig Div. of Pfizer, Inc. 00069 Pfizer Laboratories 00071 Parke-Davis and Company 00074 Abbott Laboratories		

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